

Memorandum



Date: October 16, 2007

To: Honorable Chairman Bruno A. Barreiro
and Members, Board of County Commissioners

Supplement to
Agenda Item No. 8(A)1a

From: George M. Burgess
County Manager

Subject: Supplement to Resolution Approving Award of Five-Year \$22,226,945
Management Agreement for Employee and Public Remote Parking Lot Shuttle
Bus Service at Miami International Airport (MIA), RFP No. MDAD-06-06

The following supplemental information is provided in response to the Airport & Tourism Committee's (ATC) request for costs of the employee shuttle under this management agreement with First Transit versus those that might be incurred in an agreement with Miami-Dade Transit (MDT). Also included is a five-year projection of insurance costs.

At the ATC meeting, it was reported that the salary difference between the First Transit and MDT was \$2 million dollars. In reviewing the spreadsheet prepared by MDT, it was noted that the fringe benefits for First Transit were not included. The attached chart includes that figure and depicts a \$1.3 million difference in salaries. MDT did not pursue further analysis because of the substantial difference in salaries. It should be noted that MDT projected salaries alone are approximately the same as the total budget under the proposed agreement.

In order to avoid any insurance reimbursement issues that have proved problematic in the past, this agreement is crafted to avoid any issues of reimbursing the operator for insurance. As part of the old contract, Workers Compensation, General Liability and Automobile Liability insurance for service vehicles were a reimbursable expense. Automobile Liability coverage was provided by the County for the shuttle buses. Under the new contract, the Workers Compensation, General Liability and Automobile Liability are part of the Management Fee. First Transit will name Miami-Dade County under their catastrophic insurance policy, which will provide \$100,000,000 in coverage. Through the Indemnification Clause, First Transit, Inc. is liable for any claims that may occur out of the performance of their agreement.

As indicated in the following tables, the proposed fee includes all insurances at an annual variance in cost of approximately \$200,000. The County Attorney's Office is recommending that we follow County practices by making the Operator responsible for providing the insurance for their operations. Various parties sued the County following an employee bus accident in 2000 because the County carried the Automobile Liability insurance. The recent accident at Ft. Lauderdale International Airport in which two people were killed and eight other passengers were sent to the hospital with injuries are examples of why it is a good practice for the operator to carry all insurances for their operations. Another benefit associated with this contract includes the protection from increasing insurance costs as the fee is guaranteed for the five-year term.

Also, when the company assumes the risk, they have additional motivation for maintaining a safe operation. Finally, the Department has added a dedicated economy park & ride shuttle, which increases risk associated with transporting public parking patrons to the remote lot.

The proposed budget for 2007 under the current contract is \$4,494,768. Under the new contract, the proposed 2008 budget is \$4,439,392. The proposed budget is lower than last year's budget, despite the \$200,000 annual charge in management fee and insurance, through other efficiencies such as purchasing fuel through County and a more fuel efficient fleet.

First Transit Budget Comparison

CURRENT CONTRACT

Worker's Compensation:	\$152,395 (06/07)
Automobile Liability (service vehicles)	\$ 12,000
General Liability	\$ 1,320
Blanket Crime Ins.	\$ 4,620
Total Insurance Reimbursable (Annual):	\$170,335
plus Annual Management Fee:	\$ 97,440

Total Insurance & Management fee (annual): \$267,775

(Does not include automobile liability insurance on the buses- this is covered by County until 10/31/07)

PROPOSED CONTRACT

Worker's Compensation:	\$192,050
(5 year average guaranteed, including additional staffing)	
Other insurance:	\$167,730
(Includes liability, general liability, blanket crime insurance and automobile liability insurance)	
Annual Management Fee:	\$108,350
(An 11% increase over current fee, which was established in 1997)	
Annual Insurance & Management Fee:	\$468,130

Monthly fee: \$ 39,011

For the reasons stated above, it is recommended that the Board approve this resolution as being in the best interest of the County.


Assistant County Manager

MDT AND FIRST TRANSIT SALARY COMPARISON

SALARIES	MDT*	First Transit	Difference
Administration	418,513	218,140	
Maintenance	697,536	527,576	
Maintenance Overtime	37,022	25,200	
Operations	1,942,798	1,530,632	
Operations Overtime	232,516	168,000	
Total	3,328,385	2,469,548	858,837
FRINGES	@ 32%		
FICA		188,928	
Group Health Ins.		360,000	
Worker's Comp		Included in Management Fee	
State Unemployment		20,744	
Federal Unemp.		10,866	
Total	1,065,083	580,538	484,545
Total Salaries & Fringes	4,393,468	\$3,050,086	1,343,382

* Salaries are based on Pay Step 5

At the ATC meeting it was reported that the salary difference between the First Transit and MDT was \$2 million dollars. In reviewing the spreadsheet prepared by MDT it was noted that the fringe benefits for First Transit were not included. The chart above includes that figure and depicts a 1.3 million dollar difference in salaries. MDT did not complete further analysis because the difference in salaries. It should be noted that MDT projected salaries alone are approximately the same as the total budget under the proposed agreement.

**FY 08 EMPLOYEE SHUTTLE BUS BUDGET
(OPERATOR – FIRST TRANSIT)**

SALARIES	
Administration	218,140
Maintenance	527,576
Maintenance Overtime	25,200
Operations	1,530,632
Operations Overtime	168,000
Total	2,469,548
FRINGES	
FICA	188,928
Group Health Ins.	360,000
Worker's Comp	Included in Management Fee
State Unemployment	20,744
Federal Unemp.	10,866
Total	580,538
Total Salaries & Fringes	\$3,050,086
VARIABLES CONTROLLABLE	
Auditing	9,000
Maintenance & Repair	1,500
Outside Contracting	98,400
Outside Contracting/Airside	12,000
Environmental Waste	12,000
In-service Training	4,800
Fuel & Lubricants	360,000
Tire Purchases	1,500
Expandable Tools	6,000
Parts & Supplies	276,000
Office Supplies	5,100
Total	786,300
FIXED CONTROLLABLE	
Tire Rentals	43,000
Telephone	32,400
Total	75,400
UTILITIES	
Waste Pick-up	7,200
Utilities	36,000
Total	43,200
SEMI-FIXED CHARGES	
Auto Insurance	Included in Management Fee
General Liability	Included in Management Fee
Crime Insurance	Included in Management Fee
Rent Support Vehicle	7,876
Rent Copy Machine	5,400
License & Permit Fee	3,000
Total	16,276
Total Operating Expense	3,971,262
Management Fee	468,130
Grand Total	4,439,392